

AMENDED IN SENATE JUNE 24, 1996  
AMENDED IN ASSEMBLY APRIL 18, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 3187**

**Introduced by Assembly Member Martinez**

February 23, 1996

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An act to add Section 6363.3 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 3187, as amended, Martinez. Sales and use taxes: exemptions: thrift store merchandise.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.

This bill would additionally exempt from state and local sales and use taxes used pieces of clothing, household items, or other retail items sold by thrift stores operated by a nonprofit organization, as defined, if the purpose of that thrift store is to obtain funding for medical and social services provided to ~~the chronically ill~~ *individuals with a chronic, life-threatening illness, as defined*, by the nonprofit organization.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes.

Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 6363.3 is added to the Revenue  
2 and Taxation Code, to read:

3 6363.3. There are exempted from the taxes imposed  
4 by this part, the gross receipts from the sale in this state  
5 of, and the storage, use, or other consumption in this state  
6 of, used pieces of clothing, household items, or other retail  
7 items sold by thrift stores operated by a nonprofit  
8 organization if the purpose of that thrift store is to obtain  
9 revenue for the funding of medical and social services to  
10 chronically ill individuals, and *at least* 75 percent of those  
11 net revenues are actually expended for the purpose of  
12 providing medical and social services to the chronically  
13 ill. For purposes of this section, “nonprofit organization”  
14 means an organization that provides medical and social  
15 services to ~~the chronically ill~~ individuals with a chronic,  
16 *life-threatening illness, as defined in subdivision (c) of*  
17 *Section 1568.01 of the Health and Safety Code*, and is  
18 exempt from taxation under Section 23701d.

19 SEC. 2. Notwithstanding Section 2230 of the Revenue  
20 and Taxation Code, no appropriation is made by this act  
21 and the state shall not reimburse any local agency for any  
22 sales and use tax revenues lost by it under this act.

1 SEC. 3. This act provides for a tax levy within the  
2 meaning of Article IV of the Constitution and shall go into  
3 immediate effect. However, the provisions of this act shall  
4 become operative on the first day of the first calendar  
5 quarter commencing more than 90 days after the  
6 effective date of this act.

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